



How to Estimate your Practice Start-Up Costs

This guide has been prepared to assist in estimating the costs involved in starting up your own business. It should be used in conjunction with our start-up expenses spreadsheet which highlights some costs typical to setting-up a physiotherapy private practice.

The items and figures will vary depending on your circumstances and as such this spreadsheet should be considered a guide and not an exhaustive list of expenses. Remember not all items will be relevant to you.

Expenses

What will it cost you to get your business up and running? The key to accuracy here is attention to detail. For each category of expense, draw up a list of everything you will need to purchase. Then consider from where you might purchase these goods or services, be sure to research more than one vendor and do not look at price alone; other areas such as terms of payment, delivery, reliability and service are also important. Based on your research, estimate the cost for each item.

Contingencies

Add a reserve for contingencies. Be sure to explain in your narrative how you decided on the amount you are putting into this reserve.

Working Capital

You cannot open with an empty bank account. You need a cash cushion to meet expenses while the Practice gets going. You should do a 12-month cash flow projection. This is where you will work out your estimate of working capital needs. For now, either leave this line blank or put in your best rough guess. After you have done your cash flow, you can come back and enter the carefully researched figure.

Sources of Capital

Now that you have estimated how much capital will be needed to start, you should turn your attention to obtaining it. Enter the amounts you will put in yourself, how much will be injected by partners or investors, and how much will be supplied by borrowing.

Security and Collateral for Loan Proposal

If you will be using this plan to support a bank loan request, use this section to show what assets are offered as collateral to secure the loan, and give your estimate of the value of these items (using the lower of cost or market value). Be prepared to offer some proof of your estimates of collateral values.